FINANCIAL BUREAU:
Tribune Building
154 Nassau Street

Wealth—Markets—Investments

TELEPHONES:
Beekman 3000
Beekman 8243

The Markets

Another Break

The break in Stock Exchange prices yesterday equalled that of Tuesday, June 3, the first and hitherto the largest break in the present movement. Thirty industrial shares fell more than 3 points in their average price; railroad stocks fell less than a point. That the break in industrial shares should be so much greater than that in railroad stocks is not surprising when one considers that the industrials rose 30 points in sixteen weeks and had gone back only 4 in the last two weeks, while the rails had risen only 8½ points and had gone back 3½. The industrials have now reacted 7 points and the railroads 4½. In percentage less than one-third of the industrial gain has been wiped out, against more than one-half of the railroad gain.

The market opened weak, probably due to selling orders from commission houses and the country, under fear of the $656,000 reserve deficit in Saturday's Clearing House bank statement. This was followed by what appeared to be selling by professional traders of stocks which they did not own, in an attempt to reach more "stop-loss" orders and create further fears. Toward noon came a slight recovery, but in the afternoon, when call money had risen to 12 and 15 per cent, the break came again.

As on Friday, there were not even gains in isolated specialties. The whole list fell, with losses of 2, 4, 5 and 10½ points in active stocks. Atlantic Gulf fell 6¼ points, Baldwin Locomotive 6½, Marine common 3¼, Marine preferred 4¼, Lackawanna Steel 5, Royal Dutch New York 5⅛, Studebaker 7, Texas Company 10½ and Steel common 3.

Trading was less than 1,500,000 shares.

20 Per Cent Money

The price of money is transiently more discussed than the price of stocks, and nearly every one has now become a money expert, condemning either the banks, the Federal Reserve Board or the Stock Exchange speculation for the present condition. Loans on mixed collateral yesterday opened at 10 per cent and on all-industrial collateral at 12 per cent, the first time in the present market that the renewal rate has been above 6 per cent. In the late afternoon the rates became 12 and 15 per cent, and finally, after the close of the stock market, loans on all-industrial collateral were made at 20 per cent, the highest rate since the 15 per cent of December, 1916. That figure was for mixed collateral money.

What the Bank Statement Means

One broker yesterday morning advanced the following argument: "One might at first glance believe that the rotten bank statement of Saturday means destruction of values; it does not. The bank statement means next to nothing now. If a bank shows a big surplus reserve, it goes to the Federal Reserve and pays off a lot of rediscounts; if it has a deficit under legal requirements, it simply sends over a bunch of commercial paper or government bonds and gets a new credit which reinstates its reserve. This is the real meaning of inflation as we now see it." But the fact that the bank statement does mean something was conclusively demonstrated yesterday, when call money renewed at 10 and 12 and closed at 20 per cent, and the stock market suffered one of the biggest breaks in the year.

It is theoretically possible for the banks to send some of their present commercial paper or government bonds to the Federal Reserve Bank and get a credit for it. As a fact, they did so on an extensive scale yesterday. But this makes all the more interesting the question of why they did not do so sooner, and why they have not done so to such an extent as to make money easy. The Federal Reserve Bank is not obligated to accept everything offered to it for rediscount. If nothing else, it must have regard for the allocation of credits to banks in its district as a whole when a few banks try to rediscount too much. And banks are restrained from discounting too much because it would not look well for the banks. The profit, consisting in the difference between the amount which the bank receives for its loans and the amount it has to pay the Reserve bank for rediscounting, is too small to justify the risk of a huge outstanding debt.

Nor do the banks want to have too great a proportion of their funds in Stock Exchange collateral. As one banker remarked last week, referring to advances in particular stocks: "I disclaim any attempt to frown upon speculation or to pass upon the present price level of the worth of special stocks, but I cannot see that a stock that is worth 90 one week can be worth 125 the next." Moreover, there is a limit even to the theoretical ability of banks to rediscount. They cannot rediscount loans on Stock Exchange collateral at all.

Relieving Factors

A good many bankers feel that yesterday saw very near the peak of tight money. The immediate cause is generally given as the tax payments made yesterday. They may not find their way back to the banks for a week or ten days. But these payments, estimated to total about $1,100,000,000 for the entire country, did not have wholly to be met by cash. Yesterday there matured $337,516,000 of tax certificates, of which $179,808,000 were sold in the New York Federal Reserve district. To-day mature a total of $392,381,000, of which $165,622,000 were sold here. Altogether this means that $729,897,000 of the tax payments can be met by these certificates. To-day there matures an issue or $600,101,500 bond certificates of indebtedness, of which the New York Federal Reserve district subscribed $103,609,000. These will be paid off by the government. It is believed that by midweek the money market will see relief.

Money and Credit

After the close of yesterday's market loans on all-industrial collateral were made at 20 per cent, the highest rate since the 15 per cent of December, 1916. That rate, however, was for mixed collateral. Money also opened and renewed yesterday at 10 per cent for mixed collateral and 12 per cent for all-industrial collateral, the highest renewal rate in several years. At 2:30 in the afternoon 12 per cent was bid for mixed collateral loans and 15 per cent for all-industrial loans.

Call money rates and difficulty of obtaining it have caused heavy bidding for time money. At the opening yesterday brokers were bidding 6 per cent for $20,000,000.

The ruling rates for money yesterday, compared with a year ago, were as follows:

Call money:

	Yesterday. Per cent.	Year ago. Per cent.
On mixed collateral	10	6
On indus. collateral	12	6½

Time money (mixed collateral):

Sixty days	6	5¾@6
Ninety days	6	5¾@6
Four months	6	5¾@6
Five to six months	6	5¾@6

Bank Acceptances.—Rates were unchanged yesterday as follows:

Spot delivery:	Thirty days. Per cent.	Sixty days. Per cent.	Ninety days. Per cent.
Eligible member banks	4⅛@4	4¼@4⅛	4⅛@4¼
Eligible non-member banks	4⅛@4	4⅛@4¼	4⅜@4⅛
Ineligible bank bills	5¼@4½	5¼@4½	5¼@4¾

For delivery within thirty days:

	Per cent
Eligible member banks	4⅛
Eligible non-member banks	4½
Ineligible bank bills	6

Bank Clearings.—Bank clearings yesterday were:

	Exchanges	Balances
New York	$540,108,682	$80,005,498
Baltimore	16,502,048	8,834,276
Boston	40,364,264	18,973,050
Chicago	98,206,232	10,115,222
Philadelphia	70,809,050	16,495,902

Sub-Treasury. — The Sub-Treasury lost $175,000 to the banks on Saturday.

London Money Market.—LONDON, June 16.—Closing rate for money 2¾ per cent. Discount rates, short bills 3¼ per cent, three months' bills 3⅜ per cent. Gold premiums at Lisbon 150.00.

Dollar in Foreign Exchange

Exchange moved against London and in favor of Paris yesterday in a dull market. Italian exchange was steady.

Neutral exchanges showed no important change.

(Quoted dollars to the pound.)

	Yesterday.	Week ago.
Sterling, demand	$4.60⅝	$4.62½
Sterling, cables	4.61⅝	4.63½
Sterling, sixty days	4.57¾	4.59⅝
Sterling, ninety days	4.56	4.57¾
(Quoted units to the dollar.)		
Francs, checks	6.31	6.47
Francs, cables	6.29	6.45
Belgium, francs, checks	6.62	6.62
Belgium, francs, cables	6.60	6.60
Lire, checks	8.04	7.96
Lire, cables	8.02	7.94
Swiss francs, checks	5.33⅛	5.27⅞
Swiss francs, cables	5.30	5.25
(Quoted cents to the unit.)		
Guilders, checks	39⅛	39
Guilders, cables	39¼	39⅛
Sweden, checks	25.90	25.70
Sweden, cables	26.10	25.90
Denmark, checks	24.10	23.60
Denmark, cables	24.30	23.80
Norway, checks	25.15	25.20
Norway, cables	25.35	25.40
Pesetas, checks	19.95	19.92
Pesetas, cables	20.02	20.00
Japan, yen, checks	51.75	51 1-5
Japan, yen, cables	51.90	51 9-10
Argentina, checks	101.75	100
Argentina, cables	102	99¾
Brazil, Rio, checks	28	28
Brazil, Rio, cables	28.125	28⅛

I.M.M. Stockholders Vote Against Sale Of British Ships

Deal Is Defeated by Big Majority; Platten Denies That There Is Friction Among Marine Directors

Stockholders of the International Mercantile Marine Company, at a special meeting in Hoboken yesterday, refused to ratify the recommendation of the directors to sell for £27,000,000 the company's British fleet and other assets held in England by a vote of 530,072 shares.

The number of shares voting in favor of the deal was only 78,521. The number of shares entitled to vote was 960,000. Of the total vote cast against the sale 284,126 shares represented preferred stock and 245,946 common. The votes favorable to the sale were divided between 52,613 shares of preferred stock and 25,908 of common.

Although the meeting was largely attended little interest was shown in the outcome in view of the fact that it was generally known that the independent proxy committee, consisting of John W. Platten and Frederick W. Scott, had secured enough proxies at the close of last week to insure the defeat of the sale plan. The only ripple in the proceedings was caused by an inquiry from M. Francis Snowber, a preferred stockholder, who wanted to know whether any one would be paid a commission if the transaction was approved. P. A. S. Franklin, president of the I. M. M., assured Mr. Snowber that no commissions were involved in the deal either here or abroad.

Preceding the stockholders' meeting a hearing was held in the Federal District Court on the application of a stockholder, John O'Connor, for an injunction restraining the company from submitting the plan for selling the British fleet to a vote of the shareholders. Judge Learned Hand denied the application after it had been made known that the sale would not take place.

President Franklin, when seen at his offices later in the day, declared that "we are now going to get down to the ordinary business of shipping." He predicted a great future for the American merchant marine, provided that Congress would pass protective laws that would enable it to compete on a fair basis with foreign shipping.

Bankers Lay Plans to Meet Europe's Needs

Announce Personnel of New York Committee That Is to Consider the Foreign Credit Situation

J. P. Morgan, Chairman

Must Create Credits to Enable Europe to Buy Goods Here, Says Davison

More than a score of New York's most powerful financiers met yesterday afternoon in the offices of J. P. Morgan & Co. and took steps to create machinery by which America will be able to assist Europe to return to work and a more normal economic life as soon as formal peace is proclaimed. Henry P. Davison, recently returned from Europe, presided, and shed further light on his plan, which the bankers present heartily approved.

Mr. Davison announced the appointment of the following committee to represent the banking resources of this city in the great national instrument of credit which is contemplated: J. P. Morgan, of J. P. Morgan & Co., chairman; James S. Alexander, president of the National Bank of Commerce; James Brown, of Brown Brothers; Allen B. Forbes, of Harris, Forbes & Co.; Alvin Krech, president of the Equitable Trust Company; Charles H. Sabin, president of the Guaranty Trust Company; James Stillman, president of the National City Bank; Jacob H. Schiff, of Kuhn, Loeb & Co.; Seward Prosser, president of the Bankers Trust Company, and Albert H. Wiggin, chairman of the Chase National Bank.

The personnel of the foregoing organization committee does not indicate the full scope of the proposed institution designed to coördinate American efforts to restore Europe to healthful business activity, Mr. Davison explained.

"We had another conference," the banker told reporters after the meeting. "It was informal, just as the last one was. The men got together to discuss the general situation and the new developments. If we could have arranged it we would have had every banker in New York present. The proposed activities will not be confined to those who were present to-day or to those who will attend the next gathering. The plan is entirely inclusive. If it is adopted it will include all the banking and industrial forces of the entire country."

Bankers Elsewhere Organizing

Mr. Davison explained that, like the New York bankers, the members of the Chicago Clearing House had formed a similar committee, and the bankers of Boston were considering so doing. Other cities are expected to follow. Industrial leaders, the banker indicated, are also devising plans for the mobilization of the industries. Mr. Davison said that European financiers too were beginning to organize to coordinate the needs for goods and credit.

"Nobody shall be excluded from the proposed organization, which may take the form of a corporation," the spokesman for the bankers added. "The industries will be organized by trades, rather than by cities. We expect all groups to come in—such as textiles, copper, tobacco, oil and agriculture. We purpose to make the coördinating machinery as broad as possible.

"In various parts of the country, by an overwhelming voice people have expressed their appreciation of the necessity of coördinating the demands of Europe and America's attempt to satisfy them from the point of view of the country as a whole, instead of treating them as single transactions to the advantage of any particular business organization.

"This plan is one which offers a situation wherein every one seems to benefit at no one's expense. The fundamental thing is to creat credits to enable Europe to buy goods here to ship over there."

Mr. Davison said he deemed it advisable at the option of the managers of the great reservoir of credit proposed to export capital in some instances, as well as goods, explaining that it would be to the advantage of the United States to have the European nations buy goods in outside markets, as it would help the foreign exchange situation.

Mr. Davison's suggestion is that the investment corporation, if it takes that form, issue a single debenture bond against all its advances to Europe. A single security, of compelling attractiveness, it is proposed, should be offered for wide distribution among the people in every state in the union.

The banker declared that it was not the purpose of the American financiers to exact anything detrimental to the interest of the people in Europe, but the objective was to extend credit on normal lines on proper security. The exact nature of the security, not yet determined, he added, would perhaps vary in the case of each country. Switzerland, it was suggested, might be able to get better terms than some of the belligerents because of its relative financial vigor.

Will Coöperate With Government

Although the government of the United States will have no representation in the new machinery of trade and credit, Mr. Davison said, in reply to an inquiry, everything will be done in the closest coöperation and with the cordial approval of the government.

Stock Prices Fall When Call Money Touches New High

Payment of Second Intalment of Federal Taxes Adds to Squeeze Caused by Swollen Loan Accounts

Liquidation swept the stock market again yesterday, where standard stock issues broke 1 to 23 points on heavy selling of speculative accounts forced by another severe squeeze in call money.

During the course of one of the wildest days in the call money market in years the interest rate on call loans, which had closed on Friday at 9 per cent, shot up to 15 per cent just before the close of the stock market. After the close a small amount of money was borrowed by the banks, by brokers at 20 per cent. The renewal rate on call loans—that is, the carry-over rate—was 10 per cent, the highest since 1912. Fifteen per cent call money was the highest since 1916.

Further tightening of the local money situation was not unexpected, as the statement of the Clearing House on Saturday had disclosed a deficit in reserves against a surplus over legal reserve requirements of about $35,000,000 the week before. It was not thought, however, that the temporary shortage of money was serious enough to cause such a sensational rise in the interest rate on call money, and when the banks fixed the renewal rate at 10 per cent, the highest rate in seven years, that was the signal for a scramble among stock speculators to unload their holdings. Offerings of stocks poured into the market throughout the day and only slight recoveries were registered from the low prices. At the close the average of thirty industrial stocks showed a decline of about 7 points from the high price reached a fortnight ago before the current decline started.

Yesterday's squeeze in the money market was due, bankers said, to the heavy Federal tax payments falling due at this time. These demands, added to the heavy burden already carried by the banks, were more than could be comfortably taken care of, it was stated, and some liquidation of the swollen stock market account was necessary. A leading banker said yesterday that three large issues of certificates of indebtedness fall due and are being paid off by the Treasury, the proceeds of which will quickly flow back into the banks and relieve the situation for the time being. Firm money is looked for until after July 1, it was stated, however, as there are large corporate interest and dividend disbursements to be met around the end of the half year.

West Penn Railways 1918 Report Shows Larger Gross

The annual report of the West Penn Railways Company and subsidiaries for the year ended December 31, 1918, discloses gross earnings of $9,352,904, an increase of $1,827,064 over the preceding year. After expenses and taxes of $6,255,432, net was $3,097,472, an advance of $230,042. Other income aggregated $365,296, bringing the gross to $3,462,728, from which charges and dividends amounting to $2,114,946 were deducted, leaving a $1,347,822 balance for the year.

Silver.—London, 54¾d; New York, $1.12¼; Mexican dollars, 86⅞@90⅞c.

Significant Relations

Money and Prices:

	Now.		A year ago.
Stock of money gold in the country	$3,092,037,699		$3,043,879,782
	March 4, 1919.		Nearest period preceding year.
Loans on all national banks	$9,691,187,000		$9,139,225,000
Their surplus reserves	76,981,000		75,920,000
	Last week.		A year ago.
Bills discounted and bought by Federal Reserve banks	$2,112,711,000		$1,258,954,000
Federal Reserve notes in circulation	2,499,265,000		1,651,500,000
Total gold reserve	2,193,874,000		1,946,903,000
	Saturday.	Previous close.	A year ago.
Average price of fifty stocks	90.04	92.36	76.90
Average price of twenty-five bonds	87.56	87.35	84.77
	Last week.	The week before.	A year ago.
Food cost of living (Annalist index number)	302.275	305.430	281.758
	May 1.	April 1.	A year ago.
General commodity price level (Dun's index number)	222.193	219.973	226.665

Production:

	May 31.	April 30.	A year ago.
Unfilled U. S. steel orders, tons	4,282,310	4,800,685	8,337,623
	May.	April.	A year ago.
Pig iron output (daily average), tons	68,002	82,607	111,175
	1918 yield, estimated.		The 1917 crop.
Wheat crop, bushels	917,449,000		636,655,000
Oat crop, bushels	1,538,350,000		1,592,740,000
Corn crop, bushels	2,582,814,000		3,065,233,000
Cotton, 500-lb. bales	12,022,601		11,302,375

Distribution:

	Increase or decrease from year before: 12 roads Fourth week in May.	All Class 1 roads: Month of April.	All Class 1 roads: Jan. 1 to April 30.
Gross railroad earnings	+13.75%	+4.5%	+15.4%
	Last week	Week before.	Year to date.
Bank clearings	+32.5%	+33.8%	+13.0%

General:

	May.	April.	A year ago.
Active cotton spindles	33,556,011	33,312,026	33,691,576
Commercial failures (Dun's):	May.	April.	A year ago.
Number	531	543	880
Liabilities	$11,956,661	$11,450,462	$13,134,672
	April, 1919.		April, 1918.
Building permits (Bradstreet's): (151 cities)	$83,168,786		$49,953,803

Royal Dutch Petroleum Co. Pays $3.25 Dividend

London advices to the financial district yesterday reported that the Royal Dutch Petroleum Company had declared a final dividend of 25 per cent, payable June 30, making a total of 40 per cent for the year. Based on the present rate of exchange, the American shareholders will receive the equivalent of approximately $3.25 a share, or a total distribution of $5.35 for the year.

In the proposed increase in capital from 230,000,000 to 400,000,000 guilders shareholders will have the right to subscribe to one new share at par for every four shares now held. The subscription lists will remain open from June 16 to July 4, inclusive. Amsterdam and London stockholders, it was reported, will be given the right to subscribe to 42,763,600 guilders in 1,000 and 100 guilder shares at par, under the existing plan. Failing shareholders' approval at meeting to be held June 30, new subscriptions will be returned.